Supreme Court U.S.
FILED
MAR 17 1994
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No. 93-1319

In The

Supreme Court of the United States

October Term, 1993

ROBERT L. MENDENHALL AND CMI CORPORATION,

Petitioners,

v.

CEDARAPIDS, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED FOR REVIEW

1. Where the settled substantive law declines to give preclusive or *stare decisis* effect to prior judgments of patent validity, may a trial court exclude as evidence an entire opinion ordering such a judgment when it is offered to a jury as substantive evidence in a subsequent case challenging the validity of the same patent?

2. May a trial court in a jury trial, in its discretion, exclude evidence under Federal Rule of Evidence 403, as unfairly prejudicial which arguably could be admitted in a bench trial?

3. Does an exception exist to Rule 403, Federal Rules of Evidence, for evidence of prior adjudications finding a patent not invalid?

LIST OF PARTIES AND RULE 29.1 LIST

Pursuant to Supreme Court Rules 14.1(b) and 29.1, Respondent Cedarapids, Inc. certifies that the names of all parties to the proceedings below in the United States District Court for the Northern District of Iowa ("District Court") and in the United States Court of Appeals for the Federal Circuit ("Federal Circuit" or "Court of Appeals") appear in the caption of the case. The corporate respondent, Cedarapids, Inc., is a wholly owned subsidiary of Raytheon Company. Cedarapids, Inc. has no subsidiaries which are not wholly owned.

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OPINIONS BELOW

The Respondent Cedarapids, Inc. respectfully requests that this Court deny the petition for a writ of certiorari, seeking review of the Federal Circuit's opinion in this case. That opinion is reported at *Mendenhall v. Cedarapids, Inc.*, 5 F.3d 1557, 28 U.S.P.Q.2d 1081 (Fed. Cir. 1993).

JURISDICTION

Invoking federal jurisdiction under the Patent Laws, Title 35, United States Code, the Petitioners brought this action in the United States District Court for the Northern District of Iowa. 28 U.S.C. § 1338. On September 13, 1993, the Federal Circuit entered a judgment and an opinion affirming-in-part and reversing-in-part the District Court's judgment. The Petitioners filed a petition for rehearing in the Federal Circuit on September 27, 1993. The petition for rehearing was denied by Order of the Federal Circuit dated November 18, 1993.

This Court's jurisdiction arises under 28 U.S.C. § 1254.

STATEMENT OF THE CASE

In 1986, Petitioners Robert L. Mendenhall and CMI Corporation sued Respondent Cedarapids, Inc., in the United States District Court for the Northern District of Iowa for infringement of United States Patent Nos. Re. 31,904 ('904 patent) and 31,905 ('905 patent). The action

was stayed by stipulation of the parties until early 1989 pending the completion of an earlier filed infringement action on the same patents that Petitioners had instituted against Astec Industries in the United States District Court for the Eastern District of Tennessee and against Barber-Greene in the Northern District of Illinois. When time came for Respondent Cedarapids to file its answer, Respondent counterclaimed, charging Petitioner CMI with infringement of United States Patent Nos. 4,165,184 ('184 patent) and 4,318,619 ('619 patent). Respondent Cedarapids also sought declaratory judgments of invalidity, unenforceability and non-infringement of Mr. Mendenhall's patents.

After a jury trial, judgment was entered in accordance with special verdicts in favor of Respondent Cedarapids on the Complaint, finding the '904 and '905 patents invalid (with the exception of claims 12 and 13 of the '904 patent) and not infringed. The jury also found in favor of Cedarapids on its counterclaim finding the '184 and '619 patents infringed and not invalid. Cedarapids was awarded damages in the amount of $1,952,618 plus interest and costs against Petitioner CMI, and CMI was enjoined from further infringement of the '184 and '619 patents. On appeal by Petitioners, the Federal Circuit found no reversible error and affirmed the judgment of the lower court. The judgment has now been satisfied.

Respondent Cedarapids incorporates by reference the statement of the facts in the opinion below, *Mendenhall v. Cedarapids, Inc.*, 5 F.3d 1557, 28 U.S.P.Q.2d 1081 (Fed. Cir. 1993). However, because the Petitioners argue that evidence of prior litigation, namely the 140-page opinion of the Tennessee court, was improperly kept from the jury, it

is important to note in some detail the history of the trial court's ruling on that evidentiary issue.

Prior to trial, Respondent Cedarapids filed a motion *in limine* to exclude evidence respecting the *Astec* and *Barber-Greene* litigations involving the patents-in-suit. The District Judge, Honorable David R. Hansen, now with the Eighth Circuit Court of Appeals, granted Respondent's motion under Rule 403 of the Federal Rules of Evidence, holding the unfair prejudice of the opinion outweighed the probative value. However, Judge Hansen agreed to revisit the matter at a point in trial where the Petitioners needed to refer to other litigation. At that time, the Petitioners' counsel was to make the necessary offer and argue the matter at side bar. Judge Hansen clarified that his *in limine* ruling did *not* preclude all reference to the previous litigation. (Jt. App. (Fed. Cir.) at 160-161).[1]

In fact, throughout the trial, the jury learned a great deal about the prior litigations. *See generally Mendenhall v. Cedarapids, Inc.*, 5 F.3d 1557, 1567-68 (Fed. Cir. 1993). For example, the jury knew that Petitioners prevailed in the *Barber-Greene* litigation in the United States District Court for the Northern District of Illinois. (Jt. App. (Fed. Cir.) at 286, 625-626, 3452). The jury heard about the similarities between the CMI, Barber-Greene, and Astec plants. (Jt. App. (Fed. Cir.) at 723-726). The jury also knew about litigation with Astec and that the Federal Circuit had previously agreed with the Tennessee Court that Mendenhall's patent attorney, Mr. Seiler, had not engaged in

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[1] Citations to the Joint Appendix in the Federal Circuit will be as follows: "Jt. App. (Fed. Cir.) at ___."

misconduct before the Patent and Trademark Office (Jt. App. (Fed. Cir.) at 2686, 3488). Mendenhall's experts also testified the Mendenhall parent patents were involved in litigation (Jt. App. (Fed. Cir.) at 5152-5157). Thus, the jury was not completely ignorant about the prior suits. They knew who the parties were and who prevailed.

Even though various references to the other litigations were entered into the evidence before the jury, the item which was not entered was the 140-page opinion written by Judge Hull of the United States District Court for the Eastern District of Tennessee in 1988 in the *Astec* case. Instead of merely offering the judgment in the *Astec* case, the Petitioners continually attempted to introduce the entire, lengthy, 140-page opinion which was not free of error. *Mendenhall v. Cedarapids, Inc.*, 5 F.3d at 1575 n.18. The Petitioners never sought to introduce the judgment in the *Astec* litigation. Petitioners only requested that Judge Hull's entire opinion be given to the jury.

As noted by the Federal Circuit, Judge Hansen "carefully weighed the probative value of the proffered evidence, to the extent relevant, against the danger of unfair prejudice to the defendant and decided, in his discretion, to keep the proffered materials from the jury primarily because of possible judicial influence on the verdicts." *Mendenhall v. Cedarapids, Inc.*, 5 F.3d at 1568 (Fed. Cir. 1993). The Federal Circuit held that the exclusion of the 140-page opinion was not an abuse of discretion and agreed with Judge Hansen in his evaluation of prejudice under Rule 403. *Mendenhall v. Cedarapids*, 5 F.3d at 1575.

Because the exclusion thereof is discretionary and turns on the facts of the instant case alone, and because

the error, if any, is not reversible, Petitioners' request for a writ of certiorari should be denied. This case merely involves routine application of Federal Rule of Evidence 403.

REASONS FOR DENYING THE WRIT

I. THE ONLY QUESTION RAISED INVOLVES THE DISCRETIONARY EXCLUSION OF EVIDENCE UNDER RULE 403, FEDERAL RULES OF EVIDENCE

The *Astec* judgment was not excluded by the District Court. Judge Hansen only excluded Judge Hull's 140-page *Astec* opinion from consideration by the jury for being unfairly prejudicial under Rule 403, Federal Rules of Evidence. With respect to inclusion or exclusion of evidence under Rule 403, great deference is given to the trial judge, and that decision should not be reversed absent clear and prejudicial abuse of discretion. *United States v. Hiland*, 909 F.2d 1114, 1135 (8th Cir. 1990); *United States v. Peltier*, 585 F.2d 314, 321 (8th Cir. 1978). A district court is accorded wide discretion in determining the admissibility of evidence under the federal rules. *United States v. Abel*, 469 U.S. 45, 54 (1984). "Rule 403 of the Federal Rules of Evidence affords the court with much leeway in admitting or excluding evidence." *United States v. Hansen*, 618 F.2d 1261, 1266 (8th Cir. 1980).

It is clear that neither the Federal Circuit nor the District Court took the exclusion of this relevant evidence lightly. As noted by the Federal Circuit:

> In sum, Judge Hansen based his exclusion of the proffered materials relating to prior proceedings even though portions were relevant evidence to some factual issues, on Federal Rule of Evidence 403. He carefully weighed the probative value of the proffered evidence, to the extent relevant, against the danger of unfair prejudice to the defendant and decided, in his discretion, to keep the proffered materials from the jury primarily because of possible judicial influence on the verdicts.

Mendenhall v. Cedarapids, Inc., 5 F.3d 1557, 1568 (Fed. Cir. 1993). The Federal Circuit likewise allocated a significant portion of its opinion to this evidentiary matter. *Id.*, 5 F.3d at 1566-1576. In doing so, the Federal Circuit agreed that the trial court considered all of the evidence and excluded a judicial opinion which had a high possibility of prejudice. *Id.*, 5 F.3d at 1575.

Further, there exists no exception to Rule 403, Federal Rules of Evidence for prior adjudications in patent actions. Rule 403 clearly provides that evidence, although relevant, may be excluded in certain circumstances. The trial court determined that those circumstances existed and the Court of Appeals affirmed that decision.

In determining unfair prejudice, the Court of Appeals and District Court took into account several facts which are unique only to this case.[2] For example, Petitioners

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[2] In their Brief, Section II, Petitioners attempt to artificially enhance the importance of this case through the assertion of a new argument not presented to the Court of Appeals, specifically Petitioners right to a jury trial. However, it should be noted that it was Respondent Cedarapids that requested the

sought the admission of not merely the judgment in *Astec*, but the entire 140-page opinion of Judge Hull. The judgment in *Astec* was never *separately* offered. Because the law applicable to Rule 403 recognizes and provides for its application in the routine manner as applied by Judge Hansen, Petitioners' request for writ of certiorari should be denied.

II. THE EXCLUSION OF A PRIOR COURT OPINION IS NOT GROUNDS FOR REVERSAL

The heart of the Petitioners' argument is that the District Court erred in excluding the 140-page *Astec* opinion under Rule 403, Federal Rules of Evidence. Petitioners argue that prior judgments of patent validity[3] must be given weight, if not preclusive effect, in the subsequent action. However, Petitioners confuse the distinct concepts of *stare decisis* and comity. *Stare decisis*, briefly stated, makes each judgment a statement of the law, or precedent, binding in future cases before the same court or another court owing obedience to its decisions. *See generally*, 1B *Moore's Federal Practice*, ¶0.402[1], p. I-4 (1993). On the other hand, the doctrine of comity provides that

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jury trial, and it is Petitioners who seek to control the jury's factfinding by an overly rigid application of *stare decisis*. *Mendenhall*, 5 F.3d 1571.

[3] Courts do not declare patents "valid". The trial court is only authorized to rule that a patent is "not invalid" if the patent challenger has failed to carry its burden under 35 U.S.C. § 282. *See Panduit Corp. v. Dennison Manufacturing Co.*, 810 F.2d 1561, 1569-70 (Fed. Cir. 1987). This is merely one reason why *stare decisis* is inappropriate in patent cases. *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 711 (Fed. Cir. 1983).

courts of one jurisdiction will give effect to the laws and judicial decisions of another, not as a matter of obligation, but out of deference and respect. This Court has already ruled if the decision below is correct on the merits, the Court will not reverse the action merely because sufficient weight was not accorded to the doctrine of comity. *Mast, Foos, & Co. v. Stover Manufacturing Co.*, 177 U.S. 485, 489 (1900).

A. *Stare Decisis* Cannot Be Applied To This Litigation

A district court's opinion in Tennessee is not given *stare decisis* weight in Iowa. In the cases cited by Petitioners, *stare decisis* is only applied when the same court or a superior court has already ruled on the matter. For example, in *Rovico*, the patent-in-suit was held not invalid by the Seventh Circuit in *Copease Manufacturing Co. v. American Photography Equipment Co.*, 298 F.2d 772 (7th Cir. 1961). The Seventh Circuit, in a subsequent case, applied its earlier findings and ruled there was no new evidence which would distinguish *Rovico* from its earlier holding in *Copease*. *American Photocopy Equipment Co. v. Rovico, Inc.*, 384 F.2d 813, 815-16 (7th Cir. 1967), *cert. denied*, 390 U.S. 945 (1968). *See also Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1, 8-9 (1934) (Cardozo, J.) (applying *stare decisis* principles); *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 711 (Fed. Cir. 1983) (*citing Rovico, supra*); *Illinois Tool Works, Inc. v. Foster Grant Co.*, 547 F.2d 1300, 1302-03 (7th Cir. 1976), *cert. denied*, 431 U.S. 929 (1977); *Mercantile National Bank of Chicago v. Howmet Corp.*, 524 F.2d 1031, 1032 (7th Cir. 1975) (earlier

patent upheld by Seventh Circuit), *cert. denied*, 424 U.S. 957 (1976); *Robertson Rock Bit Co. v. Hughes Tool Co.*, 176 F.2d 783 (5th Cir. 1949), *cert. denied*, 338 U.S. 948 (1950); *Claude Neon Electrical Products, Inc. v. Brilliant Tube Sign Co.*, 48 F.2d 176, 177 (9th Cir. 1931) (applying concepts of comity).

Petitioners continue to cite the *Stevenson v. Sears, Roebuck & Co.* case, even though the Federal Circuit specifically noted therein: "[T]he doctrine of *stare decisis* is generally an inappropriate one in patent litigation." *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d at 711. *Stare decisis* cannot be applied to this case.[4]

Petitioners did not prove that their patent was "valid" in the *Astec* case. Rather, the prior 140-page opinion in the *Astec* case shows merely that Astec, in a case on different issues and different facts, *failed* to overcome the presumption that a patent is valid. Petitioners asked the District Court to admit Judge Hull's 140-page opinion from the *Astec* case. If the District Court would have done so, the jury would then have been required to compare the evidence in this case against the evidence admitted in the *Astec* case. It would have been highly prejudicial to the Respondent if the jury had been required to sort through the minefield of different facts and issues found in *Astec* and compare them to the different facts and

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[4] The Federal Circuit rejected this *stare decisis* argument on two separate grounds. First, the Federal Circuit noted that *stare decisis* applies only if the underlying factual findings (not evidence) are the same in two cases. *Mendenhall*, 5 F.3d at 1570-71. Further, the Federal Circuit noted that whether *stare decisis* applies is a question for the judge, not the jury. *Id.* at 1571-72.

issues of this case. For example, in *Astec*, the trial court included substantial critical dicta about a certain prior art event in Kossuth County, Iowa. (Jt. App. (Fed. Cir.) at 5547-48). In the instant case, *based upon additional evidence not before the Astec court*, the Kossuth County event was heavily relied upon by Respondent Cedarapids.[5] The prejudice to Respondent resulting from the dicta in *Astec* on that event would have been highly prejudicial.[6]

B. The Role of Comity in Patent Cases Is Settled Law

The dispute in this case centers on the weight accorded the *Astec* opinion by Judge Hansen. If the *Astec*

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[5] Other issues were present in this case which were not litigated in the *Astec* case. For example, the *Astec* court did not try: the "direct exposure" issues; 35 U.S.C. § 112; improper reissue; 1976 Kossuth project; and prior public use. *Mendenhall v. Astec Industries, Inc.*, 13 U.S.P.Q.2d 1913, 1924, 1935, 1939, 1956 (E.D. Tenn. 1988), *aff'd*, 13 U.S.P.Q.2d 1956 (Fed. Cir. 1989).

[6] Admission of the opinion, replete with hearsay, would also have deprived Respondent of due process since Respondent would have had no opportunity to cross examine Judge Hull or the witnesses that testified in the *Astec* case. Citing *Blonder-Tongue Lab., Inc. v. University of Illinois Foundation*, 402 U.S. 313, 329 (1971), the Court of Appeals noted that, as a matter of due process, each defendant in a patent suit is entitled to make its own defense. *Mendenhall*, 5 F.3d at 1571. "Cedarapids' full and fair opportunity to litigate in this case included its 7th Amendment right to determination of factual issues by a jury, not by either Judge Hull in the prior case or even by Judge Hansen in this case." *Id.* In this case, Petitioners were certainly free to offer any exhibit or witness offered in the *Astec* case. This would have afforded opportunities for full cross-examination by the parties, as well as independent factfinding by the jury.

case is to be accorded any weight at all, it is due to the doctrine of comity. The doctrine of comity was fully and adequately explained in *Mast, Foos, & Co. v. Stover Mfg. Co.*, 177 U.S. 485 (1900), another patent infringement case. There the Court stated:

> Comity is not a rule of law, but one of practice, convenience, and expediency. It is something more than mere courtesy, which implies only deference to the opinion of others, since it has a substantial value in securing uniformity of decision, and discouraging repeated litigation of the same question. But its obligation is not imperative. If it were, the indiscreet action of one court might become a precedent, increasing in weight with each successive adjudication, until the whole country was tied down to an unsound principle. Comity persuades; but it does not command. It declares, not how a case shall be decided, but how it may with propriety be decided. It recognizes the fact that the primary duty of every court is to dispose of cases according to the law and the facts; in a word, to decide them right. In doing so, the judge is bound to determine them according to his own convictions. If he be clear in those convictions, he should follow them. It is only in cases where, in his own mind, there may be a doubt as to the soundness of his views that comity comes in play and suggests a uniformity of ruling to avoid confusion, until a higher court has settled the law.

Mast, Foos, & Co. v. Stover Mfg. Co., 177 U.S. at 488-89. In sum, comity is the *deferential* weight given by one court to

the decision of another.[7] However, the Supreme Court should not reverse a decision of a lower court, if correct on the merits, simply because the lower court may not have sufficiently recognized the doctrine of comity. As noted in *Mast, Foos, & Co.*: "It is scarcely necessary to say, however, that when the case reaches this court we should not reverse the action of the court below if we thought it correct upon the merits, though we were of opinion that it had not given sufficient weight to the doctrine of comity." *Mast, Foos, & Co.*, 177 U.S. at 489.

Petitioners request for a writ of certiorari is not based on the merits, but only upon the evidentiary exclusion from the jury of Judge Hull's 140-page *Astec* opinion. Because Petitioners have failed to assert any arguments *on the merits*, there is no ground on which to reverse the earlier decision.

C. The Presumption of Validity Cannot Be Enhanced

The Petitioners go on to cite cases which they claim support the proposition that the presumption of validity is enhanced by prior adjudications of a patent's validity.[8] *See Skil Corp. v. Lucerne Products, Inc.*, 684 F.2d 346, 351 (6th Cir.), *cert. denied*, 459 U.S. 991 (1982); *General Tire & Rubber Co. v. Firestone Tire & Rubber Co.*, 489 F.2d 1105,

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[7] The Federal Circuit recognized that to be given "weight" does not require that the earlier 140-page opinion be admitted for the jury to consider. *Mendenhall*, 5 F.3d at 1569-70.

[8] Both the Petitioners and the Court of Appeals agreed that the instruction to the jury on the presumption of validity was correct. *Mendenhall*, 5 F.3d at 1564.

1115-16 (6th Cir. 1973), *cert. denied*, 417 U.S. 932 (1974); *American Home Products Corp. v. Lockwood Manufacturing Co.*, 483 F.2d 1120, 1125 (6th Cir. 1973), *cert. denied*, 414 U.S. 1158 (1974); *Cold Metal Process Co. v. Republic Steel Corp.*, 233 F.2d 828, 837 (6th Cir.), *cert. denied*, 352 U.S. 891 (1956); *Novadel-Agene Corp. v. Penn*, 119 F.2d 764, 766 (5th Cir.), *cert. denied*, 314 U.S. 645 (1941).

However, the Federal Circuit has now unequivocally stated that the presumption of patent validity does not increase or decrease, but is a mere procedural device that is not augmented by an earlier adjudication on the issue of a patent's validity. *Shelcore, Inc. v. Durham Industries, Inc.*, 745 F.2d 621, 627, 223 U.S.P.Q. 584, 588 (Fed. Cir. 1984). The failure by one defendant to meet its burden of proving invalidity should not increase the burden on a subsequent defendant. *See also Stevenson*, 713 F.2d at 711.

CONCLUSION

This is a simple case of the application of Rule 403, Federal Rules of Evidence, and revolves around the application of settled law. The trial court, in its discretion, properly excluded unfairly prejudicial evidence. The exercise of that discretion necessarily turns on the specific facts to this case. The facts and issues of this case differ substantially from those in *Astec*, and there was no abuse of discretion by the trial court in excluding the 140-page *Astec* opinion from evidence. Because Petitioners rest their argument solely on the failure to properly weigh the earlier judgment, there is no ground for this Court to reverse the lower courts rulings. The earlier

judgment was carefully and properly weighed by the trial court.

Petitioners ask this Court to adopt a procedure which would circumvent the independent factfinding function of a jury and constrict the due process rights of a subsequent defendant in a patent infringement case. Such a proposal must be rejected.

For these reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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Supreme Court, U.S.
FILED
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RULE 29.1 STATEMENT

The Rule 29.1 statement in the Petition for Writ of Certiorari remains accurate.

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ARGUMENT

Respondent concedes that the District Court excluded the prior adjudication of validity and rejected Petitioners' "continual" attempts to introduce it into evidence. Resp. Br. at 3-4.[1]

Respondent's claim that the jury in the *Cedarapids* action "learned a great deal about the prior litigations" is misleading. Resp. Br. at 3. The irrefutable fact is that the jury was not even permitted to learn that the validity of the '904 and '905 Reissue Patents had been challenged by the alleged infringer and had been sustained by the court in the earlier *Astec* case,[2] much less to learn the basis on which it had done so.

Even if the *Cedarapids* jury had been permitted to learn that Petitioners had prevailed in the *Astec* case (which they were not), this would not excuse the District Court's disregard of the *RCA-Rovico-Stevenson* rule.[3] Under *RCA* (and its long line of progeny), Petitioners were entitled to put before the jury the prior validity adjudication in the *Astec* case in the form of Judge Hull's

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[1] Citations to Respondent's Brief in Opposition appear as "Resp. Br. at ___."

[2] *See Mendenhall v. Astec Industries, Inc.*, 13 U.S.P.Q.2d 1913 (E.D. Tenn. 1988) (Hull, J.), aff'd, 13 U.S.P.Q. 2d 1956 (Fed. Cir. 1989) (non-precedential opinion).

[3] *See Radio Corp. of America v. Radio Engineering Laboratories, Inc.*, 293 U.S. 1, 8-9 (1934) ("*RCA*"); *American Photocopy Equipment Co. v. Rovico, Inc.*, 384 F.2d 813, 815-16 (7th Cir. 1967) ("*Rovico*"), *cert. denied*, 390 U.S. 945 (1968); *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 711 & n.5 (Fed. Cir. 1983) ("*Stevenson*").

decision; the jury should then have been instructed to give weight to the decision and to determine for themselves how *much* weight to give it.[4]

Contrary to what Respondent now contends (Resp. Br. at 7), this case does not involve a "routine" application of Fed. R. Evid. 403. Rather, it involves the impermissible use of Rule 403 to overrule a specific substantive statute and the over 100 years of controlling case authority Congress intended to codify in that statute. *See Green v. Bock Laundry Machine Co.*, 490 U.S. 504 (1989). A Rule 403 ruling based on such an erroneous view of the law constitutes an abuse of discretion. *See Badalamenti v. Dunham's Inc.*, 896 F.2d 1359, 1362 (Fed. Cir.), *cert. denied*, 498 U.S. 851 (1990); *Waible v. McDonald's Corp.*, 935 F.2d 924,

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[4] Respondent also mischaracterizes the *RCA-Rovico-Stevenson* rule in its unfounded suggestion that certiorari review is to be denied because Petitioners did not request that the District Court admit the "judgment" in the *Astec* case alone, as if the judgment alone would have been of any significant evidentiary effect. The "judgment" document itself in a patent case may not even reflect that the validity of the patent was challenged and sustained in the prior case. For example, the judgment in the *Astec* case merely states in pertinent part that "[j]udgment is hereby entered in favor of [Petitioners] as to liability for infringement of [the '904 and '905 Reissue Patents] by defendant Astec Industries . . . . " Jt. App. (Fed. Cir.) at 5605-06. Thus, merely placing the *Astec* judgment document itself before the *Cedarapids* jury would not even have informed the jury that the validity of the '904 and '905 Reissue Patents had been challenged and sustained in a prior adjudication. It is the "adjudication" – which encompasses the pertinent findings and conclusions of the court as to validity – that is to be given weight under the *RCA-Rovico-Stevenson* rule. It is for that reason that Petitioners sought admission of Judge Hull's decision and order – not of the judgment alone.

926 (8th Cir. 1991) (abuse of discretion occurs when district court's ruling is based on "an erroneous view of the law").

The stated rationale for the "unfair prejudice" stressed by Respondent (Resp. Br. at 6) reflects nothing more than a fundamental distrust of juries, which cannot be permitted to stand. The dissenting opinion below convincingly exposed this point. *Mendenhall v. Cedarapids, Inc.*, 5 F.3d 1557, 1581-82 (Fed. Cir. 1993) (Mayer, J., dissenting). There was no proper basis for the application of Rule 403.

Respondent's argument that the doctrines of *stare decisis* and comity did not require the District Court to allow the jury to consider the prior adjudication (Resp. Br. at 7-12) simply misses the mark. While the doctrines of *stare decisis* and comity are *among* the bases for requiring the consideration of the prior adjudication, they are *not the only* bases. As Petitioners have demonstrated, the long line of consistent case law cited in their Petition does not merely rely on the doctrine of *stare decisis*; rather these cases "change[d] the ordinary rules of evidence in a much more particularized way than results from ordinary concepts of *stare decisis*." Charles A. Wright, Arthur R. Miller & Edward H. Cooper, *Federal Practice and Procedure* § 4416 at 147 (1981 and 1993 Supp.).

Respondent fails to respond to Petitioners' demonstration that the patent statute, 35 U.S.C. § 282 – because it codifies the case law that provides for an enhanced presumption of validity of patents whose validity has been previously sustained – requires that the District

Court allow the jury in the subsequent case to consider the prior adjudication.

Indeed, Respondent has made no attempt to challenge Petitioners' demonstration that 35 U.S.C. § 282 codified the common law rule that a prior adjudication of validity strengthened the presumption of validity in any subsequent action. Petition at 12-13, 22-23. It has made no attempt to refute Petitioners' showing that Rule 403 cannot be employed to exclude evidence which 35 U.S.C. § 282 (and a century of substantive case law) requires be considered in order to give the patent owner the benefit of that enhanced presumption of validity. *See* Petition at 24-25. Nor has it offered any justification for the Federal Circuit's rule that a prior adjudication as to the validity of a patent *is* to be given weight in a subsequent contest involving the same patent when the issue of validity in the subsequent case is to be decided by the *court*, but such evidence *need not even be considered* if the issue of the patent's validity is to be decided in the subsequent case by a *jury*. Respondent cannot defend such a rule, which is plainly premised on nothing more than an improper distrust of juries.

Respondent's only response is to point to a case in which the Federal Circuit, without analysis of the long line of prior case law to the contrary or the legislative history of 35 U.S.C. § 282 which shows Congressional intent to codify that case law, stated that the statutory presumption of validity is "a mere procedural device that cannot be augmented . . . . " (Resp. Br. at 13) This argument ignores a century of consistent case law and the intent of Congress; it also overlooks a contrary pronouncement from this Court only last term noting that

strength of the statutory presumption of validity could indeed be affected by prior adjudications as to the validity of the patent. *Cardinal Chemical Co. v. Morton International, Inc.*, 113 S. Ct. 1967, 1973 n.15 (1993) (citing 35 U.S.C. § 282 while observing that the "current situation [in that case] makes clear that the revived presumption lacks some of its earlier strength"). It also overlooks a substantial body of authorities from this Court (and other federal courts of appeals) holding that presumptions are not static and may indeed vary in strength. *See, e.g., Bowser, Inc. v. United States*, 388 F.2d 346, 349 (Ct. Cl. 1967) (per curiam opinion adopting opinion of commissioner) (citing 35 U.S.C. § 282); *Raymond Motor Transportation, Inc. v. Rice*, 434 U.S. 429, 444 (1978); *Hannah v. Larche*, 363 U.S. 420, 433-34 (1960); *St. Joe Paper Co. v. Atlantic Coast Line Railroad Co.*, 347 U.S. 298, 306-07 (1954); *Carolene Products Co. v. United States*, 323 U.S. 18, 26 (1944).

If the Federal Circuit's decision in this case remains on the books, patent owners will forfeit the strengthened presumption of validity of their patents that have previously been adjudged valid if the validity issue is determined by a jury at the subsequent trial. Unless the patent owner waives its right to a jury trial in the subsequent case – and the alleged infringer does the same – the enhanced presumption of validity and the statute which codifies it will be nullified.[5] The effect is unconstitutionally to

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[5] Respondent contends on this issue that Petitioners are asserting a "new argument not presented to the Court of Appeals" (Resp. Br. at 6 n.2). This contention is without merit. The distinction between a jury trial and bench trial in the exclusion of the prior validity decision was first raised by the Federal Circuit, wherein the majority discussed the Seventh Amendment implications and the dissent discussed at length the impropriety of treating jury trials